

TOWNSHIP OF DENTON
ROSCOMMON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Denton Township	County Roscommon
Audit Date March 31, 2004	Opinion Date June 18, 2004	Date Accountant Report Submitted to State: July 22, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

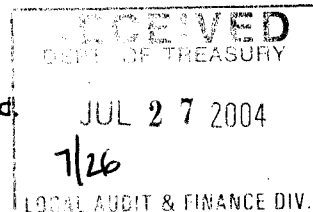
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller, Smith & Alexander, LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature <i>Walter J. K.</i>			



TOWNSHIP OFFICIALS

SUPERVISOR

FRED CHIDESTER

CLERK

CAROL ASHER

TREASURER

CAROLYN PIETCHAK

TRUSTEES

BRUCE FORMAN

RONALD PETERS

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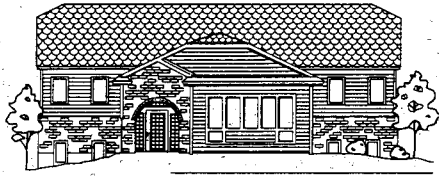
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Keskin, Cook, Miller, Smith & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

June 18, 2004

To the Township Board
Denton Township
Roscommon County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Denton, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Denton as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2004.

The management's discussion and analysis on pages 3 through 7 and budgetary comparison information on pages 36-43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Denton Township basic financial statements. The combining nonmajor fund financial statements on pages 44 and 45 are presented for additional analysis and are not a required part of the basic financial statements. The combining nonmajor financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


KESKINE, COOK, MILLER, SMITH & ALEXANDER, LLP



Roscommon County - - - The Playground of Michigan

TOWNSHIP OF DENTON

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OFFICE (989) 366-5913 FAX (989) 366-7123
On Beautiful Houghton Lake



TOWNSHIP OF DENTON MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED MARCH 31, 2004

The following is a discussion and analysis of the annual financial report of the Township's financial performance for the fiscal year ended March 31, 2004 by management. Please read it in conjunction with the financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our financial status improved over the last year. Assets as of March 31, 2004 totaled approximately \$13,900,000. Of this total, approximately \$7,900,000, represents capital assets net of depreciation and related debt. Overall, assets increased by \$1,240,000 from the prior year.

Revenues totaled \$4,456,670. \$3,510,967 were from Governmental activities, and \$945,703 from business-type activities. Total expenses were \$3,229,985. Expenses for governmental Activities were \$2,569,615 and \$660,370 for business-type activities. Total revenue decreased 3percent. Total expenses decreased 27 percent. However, if the land purchase for new ambulance building and Houghton Lake Improvement Board Activity is factored out, expenses decreased 3 percent for 2003-2004.

The taxable value of the Township increased by 5.14 percent.

The Township acquired land for a new ambulance facility at a cost of \$200,338.

The Township paid off the outstanding sewer bond of \$550,000, early.

No new debt was incurred during the year as all capital assets purchased were covered by fund balance reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

The report consists of three parts, management discussion and analysis, the financial statements, and required supplementary information. The financial statements include entity-wide statements and fund financial statements.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity wide statements report information about the entity as a whole using accounting methods used by private companies. The statement of net assets includes all of the entity's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities. Net assets are an indicator of an entity's financial health.

Over time, trends in an entity's net assets serve as an indicator of whether financial position is improving or deteriorating.

Other factors such as changes in the tax base, condition of facilities, and personnel changes should be considered in assessing the overall fiscal health of an entity.

The majority of reported activities of the Township are governmental. These include the general fund, road fund, police fund, and fire fund. The sewer fund is treated as a business activity as the revenues pay for the operations of the activity.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Township's funds, focusing on the major funds, not the Township as a whole. The funds account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township board may create additional funds. The funds are established to account for funding and spending of specific financial resources and to show proper expenditure of the resources.

The Township has the following types of funds:

Governmental Funds: The majority of the Township's activities are included in the governmental fund category. These funds are presented by the modified accrual method, which is designed to show short-term financial information. The differences between the government-wide statements and the fund statements are disclosed in reconciling the statements and explain the differences between them. The governmental funds of the Township include: General, Road, Fire, Police, Houghton Lake Improvement Board, Mobile Home, Recreational, Park, Ambulance, and Street Lights.

Proprietary Funds: These funds represent activities of the Township that are similar to activities performed by private companies. These funds are designed to generate revenues adequate to pay for the operations of the activity. These funds are presented on a full accrual method and use the same format as the government-wide statements and fund statements presentation. The Township's proprietary fund is Sewer.

Fiduciary Funds: The Township is a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of the funds are spent for their intended purpose and at the direction of the individuals or organizations to which the funds belong. The Tax Collection Fund is such a fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets: The Township's combined net assets increased \$1,241,899 during the year ended March 31, 2004 and totaled \$13,937,883.

The increase is the result of land purchase, new patrol vehicle, ambulance and fire equipment and a major reduction in expenses for the Houghton Lake Improvement Board.

Governmental Activities: The net assets for governmental activities increased \$941,352, due mainly to the decreased expenditures of the Houghton Lake Improvement Board.

Business Type Activities: The net assets for business-type activities increased \$285,333. The changes in this area are consistent with prior periods and necessary to retire debt and maintain the system.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

GENERAL FUND: This fund records all activities not required to be recorded in a separate fund. The activities included are zoning, elections, maintenance, assessing, cemetery, community building, and township officials budgets. The major source of revenue for the general fund is state revenue sharing and the allocated millage on the tax base. Other sources are fees for services such as zoning fees, tax collection fees, and rent income.

The General Fund Budget for Denton Township for the 2003-2004 Budget year was close to the estimate for Revenue. Expenses for the General Fund, in most cases were close to the budgeted amounts. Several General Fund expense accounts are well under budget as some projects were delayed due to the uncertainty about State Revenue Sharing. The purchase of land for a new ambulance facility required a budget adjustment of over \$200,000.00. Budgeted expenses were estimated by averaging the last 3 years and adjusted for expected trends. Upcoming projects, expected major repairs, equipment purchases, and other large expense items were added.

ROADS: The fund records income and expenses for county owned streets within the Township. The major revenue source is the voted township millage. A significant amount of revenue comes from the Roscommon County Road Commission allocation of funds between the townships. The funds are used for paving, curbing, and other improvements to the streets.

FIRE: The fund covers the activities of the townships volunteer on call paid fire department. The department is millage supported with revenue from fire protection contracts with other townships.

POLICE: The police fund is millage supported with other revenues from liquor license inspections, fees for insurance reports, and miscellaneous income.

PARKS: The fund covers activities for the township park system. The system includes the soccer fields, baseball field, pavilion, and beaches. The main source of income for the fund is from the general fund. There is no voted millage specifically for parks. In past years, grant income has been a significant source of revenue.

AMBULANCE: The revenues and expenses for the ambulance service is recorded by this fund. The fund is millage supported with approximately 35 percent of total revenue derived from the millage. Insurance fees from Medicare, Blue Cross, and other insurances provide the bulk of the remaining income. Mutual aid fees, ALS intercept fees, and training program fees are other sources of revenue. Donations from private individuals have been a significant source of revenue in past years.

STREETLIGHTS: The fund provides the revenue to pay utility costs and other operational costs of the program. The fund is millage supported.

COMMERICAL REHAB: This fund is a revolving fund that loans money to established business owners in the township. Start up funding was provided many years ago by a grant. Revenue for the fund comes from bank interest on retained funds, loan payments, and loan interest.

HOUGHTON LAKE IMPROVEMENT: This is a fiduciary fund that the township has no control over. The township treasurer acts as a fiduciary for the fund.

TRASH/COMPOST: This fund is supported by a special assessment on residential units in the township. Other sources of funding are the general fund, recycling revenue, commercial user fees, and grant income.

MOBILE HOME PARK: This fund is wholly supported by user fees charged to park users. Camping fees and lot rents are the main sources of revenue.

SEWER: The fund is supported mainly by user fees. Permit fees, delinquent fees, and capacity fees are other sources of revenue. The original system was bonded and paid for by special assessment districts. The last bond was paid off this year. The bond for the last expansion of the system was paid by increased user fees. The operations of the system are managed by the Houghton Lake Sewer Agency.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets - The Township purchased land for future expansion of the ambulance service. The ambulance service also purchased a new computer operating system to meet federal HIPPA guidelines. A new police vehicle was purchased. The Houghton Lake Rotary Club built a large pavilion across from the soccer fields. The township hall was remodeled. The purchases were paid for out of reserve funds with no new debt being incurred. Total purchases were \$382,296. An old police vehicle was traded in for \$5,000.


Long-term Debt – The township paid off the outstanding sewer bond early. This totaled \$550,000. Payments were paid on the fire and ambulance vehicles. No new long term debt was incurred.

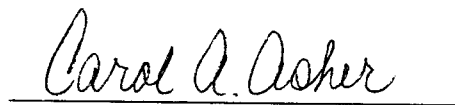
Future Considerations

Future growth of Denton Township needs to be considered in any type of planning for the Township. The township has experienced a surge in commercial development with the new Walmart. Several other commercial developments are on the drawing boards and the developers have met with the Zoning Administrator. At least 2 new residential developments are in the planning stages. This growth will require upgraded roads and require additional EMS services. Most likely, an expansion of the sewer system will be required within 5 years to accommodate this growth. Other possible demands for increased services may be for parks and possibly a water system for some areas.

Contacting Entity Management

The report is designed to provide an overview of Denton Township's financial position and the accounting procedures used. If you have questions concerning this report please contact Fred Chidester, Supervisor, at 2565 S. Gladwin Rd, P.O. Box 289, Prudenville, MI 48651.


Fred Chidester, Supervisor


Carol A. Asher, Clerk

TOWNSHIP OF DENTON
STATEMENT OF NET ASSETS
MARCH 31, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash	\$ 2,956,672	\$ 1,086,816	\$ 4,043,488
Investments	356,856	-	356,856
Receivables	75,636	268,621	344,257
Delinquent Taxes Receivable	181,485	24,535	206,020
Inventories	18,000	-	18,000
Due from Fiduciary Fund	1,139,302	-	1,139,302
Total Current Assets	4,727,951	1,379,972	6,107,923
Non-Current Assets:			
Capital Assets	3,509,812	12,202,191	15,712,003
Accumulated Depreciation	(1,332,676)	(4,543,059)	(5,875,735)
Total Non-Current Assets	2,177,136	7,659,132	9,836,268
Total Assets	6,905,087	9,039,104	15,944,191
LIABILITIES			
Current Liabilities:			
Accounts Payable	26,168	4,136	30,304
Accrued Liabilities	47,184	-	47,184
Current Portion of Long-Term Debt	56,356	180,000	236,356
Total Current Liabilities	129,708	184,136	313,844
Long-Term Liabilities:			
Notes Payable	24,645	-	24,645
Bonds Payable	-	1,665,000	1,665,000
Lease Obligations	2,819	-	2,819
Total Long-Term Liabilities	27,464	1,665,000	1,692,464
Total Liabilities	157,172	1,849,136	2,006,308
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	2,093,316	5,814,132	7,907,448
Unrestricted	4,654,599	1,375,836	6,030,435
Total Net Assets	\$ 6,747,915	\$ 7,189,968	\$ 13,937,883

See accompanying notes to financial statements.

TOWNSHIP OF DENISON
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004

P R O G R A M R E V E N U E S				N E T (E X P E N S E) R E V E N U E A N D C H A N G E S I N N E T A S S E T S		
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERN- MENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES						
Administration	\$ (248,239)	\$ -	\$ -	(248,239)	\$ -	(248,239)
Assessing & Tax Collection	(136,396)	16,012	-	(120,384)	-	(120,384)
Elections	(452)	-	-	(452)	-	(452)
Cemetery	(6,937)	-	-	3,463	-	3,463
Township Hall & Grounds	(197,824)	10,400	-	(184,359)	-	(184,359)
Building & Zoning	(166,370)	13,465	-	(152,905)	-	(152,905)
Township Rehabilitation	(4,524)	148,035	-	(18,335)	-	(18,335)
Health & Welfare	(417,917)	32,656	-	(385,261)	-	(385,261)
Parks & Recreation	(61,500)	2,349	-	(59,151)	-	(59,151)
Public Safety	(1,198,482)	76,635	-	(1,121,847)	-	(1,121,847)
Roads & Streets	(125,680)	564,941	-	(69,739)	-	(69,739)
Interest on Long-Term Debt	(5,294)	-	-	(5,294)	-	(5,294)
Total Governmental Activities	(2,569,615)	864,493	-	(1,705,122)	-	(1,705,122)
BUSINESS-TYPE ACTIVITIES						
Sewer System	(600,107)	924,990	-	324,883	324,883	324,883
Interest on Long-Term Debt	(60,263)	-	-	(60,263)	(60,263)	(60,263)
Total Business-Type Activities	(660,370)	924,990	-	264,620	264,620	264,620
TOTAL GOVERNMENT	(3,229,985)	1,789,483	-	(1,705,122)	264,620	(1,440,502)
GENERAL REVENUES						
Property Taxes:						
Levied for General Purposes				254,650		254,650
Levied for Public Safety Services				686,911		686,911
Levied for Public Works Services				84,582		84,582
Levied for Health & Welfare Services				1,124,215		1,124,215
State Shared Revenue (not restricted to specific purpose)				438,469		438,469
Miscellaneous				14,874		14,874
Investment Earnings				42,773	20,713	63,486
TOTAL GENERAL REVENUES				2,646,474	20,713	2,667,187
TRANSFERS						
CHANGE IN NET ASSETS						
NET ASSETS - APRIL 1				941,352	285,333	1,241,899
				5,806,563	6,904,635	12,695,984
NET ASSETS - MARCH 31				\$ 6,747,915	\$ 7,189,968	\$ 13,937,883

**TOWNSHIP OF DENTON
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2004**

	GENERAL	AMBULANCE	HOUGHTON LAKE IMPROVEMENT BOARD	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS						
Cash and Equivalents	\$ 1,264,948	\$ 211,314	\$ 1,052,155	\$ (53,679)	\$ 481,934	\$ 2,956,672
Investments	51,975	-	304,881	-	-	356,856
Receivables:	-	-	-	-	-	-
Delinquent Taxes	19,554	24,112	81,016	21,464	35,339	181,485
Accounts (Net of Allowances)	-	75,636	-	-	-	75,636
Interest	-	-	-	-	-	-
Due from Other Funds	238,384	289,207	-	187,850	423,861	1,139,302
Inventories	-	18,000	-	-	-	18,000
Total Assets	1,574,861	618,269	1,438,052	155,635	941,134	4,727,951
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable	7,586	18,582	-	-	-	26,168
Accrued Liabilities	5,163	-	-	-	-	5,163
Total Liabilities	12,749	18,582	-	-	-	31,331
Fund Equity						
Fund Balance						
Undesignated	1,487,952	581,687	1,438,052	155,635	941,134	4,604,460
Designated	74,160	-	-	-	-	74,160
Reserved	-	18,000	-	-	-	18,000
Total Fund Equity	1,562,112	599,687	1,438,052	155,635	941,134	4,696,620
Total Liabilities and Fund Equity	\$ 1,574,861	\$ 618,269	\$ 1,438,052	\$ 155,635	\$ 941,134	\$ 4,727,951

**TOWNSHIP OF DENTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2004**

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET - PAGE 5)	\$ 4,696,620
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Amounts reported for governmental activities in the Statement of Net Assets (page 3) are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated depreciation.

2,177,136

Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the funds.

(125,841)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER THE STATEMENT OF NET ASSETS - PAGE 3)
--

\$ 6,747,915

See accompanying notes to financial statements

TOWNSHIP OF DENION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2004

	GENERAL	AMBULANCE	HOUGHTON LAKE IMPROVEMENT BOARD	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES						
Taxes and Assessments	\$ 253,747	\$ 312,903	\$ 914,900	\$ 209,315	\$ 458,590	\$ 2,149,455
State Grants	430,910	-	-	-	7,616	438,526
Charges for Services	77,520	554,424	-	-	87,997	719,941
Rent	13,465	-	-	-	-	13,465
Licenses and Permits	129,583	-	-	-	-	129,583
Interest	29,842	993	10,480	-	1,458	42,773
Other	10,886	2,951	-	2,359	1,028	17,224
Total Revenues	945,953	871,271	925,380	211,674	556,689	3,510,967
EXPENDITURES						
General Government	654,387	-	-	-	-	654,387
Public Safety	40,899	799,227	-	-	382,958	1,223,084
Public Works	132,893	-	95,985	-	125,680	354,558
Health and Welfare	131,202	-	-	311,957	-	443,159
Recreation	-	-	-	-	65,085	65,085
Debt Service	-	25,204	-	-	33,568	58,772
Total Expenditures	959,381	824,431	95,985	311,957	607,291	2,799,045
Excess (Deficiency) of Revenues Over Expenditures	(13,428)	46,840	829,395	(100,283)	(50,602)	711,922
OTHER FINANCING SOURCES (USES)						
Operating Transfer In	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(13,428)	46,840	829,395	(100,283)	(50,602)	711,922
Fund Balance - April 1	1,575,540	552,847	608,657	255,918	991,736	3,984,698
Fund Balance - March 31	\$ 1,562,112	\$ 599,687	\$ 1,438,052	\$ 155,635	\$ 941,134	\$ 4,696,620

TOWNSHIP OF DENTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	711,922
- PAGE 7		

Amounts reported for governmental activities in the Statement of Activities
 (page 4) are different because:

Governmental funds do not report long-term debt; therefore, debt service payments are recorded as expenditures. However in government-wide financial statements, long-term debt is recorded as a liability and payments are applied against the outstanding balances.		54,535
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are capitalized and depreciation charged to expense over their useful life.		179,757
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Increases, decreases to compensated absences are not recorded in governmental funds except when paid currently. In government-wide financial statements increases and decreases are recorded in the current period.		<div style="border-top: 1px solid black; display: inline-block; width: 100%;">(4,862)</div>
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CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (PER		
THE STATEMENT OF ACTIVITIES - PAGE 4)	\$	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">941,352</div>

See accompanying notes to financial statements

**TOWNSHIP OF DENTON
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2004 AND 2003**

		<u>S E W E R F U N D</u>	
		<u>2004</u>	<u>2003</u>
ASSETS			
Current Assets:			
Cash and Equivalents	\$	1,086,816	\$ 540,579
Investments		-	819,498
Receivables:			
Delinquent Assessments		24,535	27,671
Accounts		268,621	267,398
Interest		-	-
Total Current Assets		<u>1,379,972</u>	<u>1,655,146</u>
Non-Current Assets:			
Sewer System		12,202,191	12,202,191
Less Accumulated Depreciation		(4,543,059)	(4,380,165)
Total Non-Current Assets		<u>7,659,132</u>	<u>7,822,026</u>
Total Assets		<u>9,039,104</u>	<u>9,477,172</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable		4,136	-
Accrued Interest Payable		-	6,875
Current Portion of Long-Term Debt		180,000	370,662
Total Current Liabilities		<u>184,136</u>	<u>377,537</u>
Long-Term Debt:			
Notes / Bonds Payable		1,665,000	2,195,000
Total Liabilities		<u>1,849,136</u>	<u>2,572,537</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt		5,814,132	5,256,364
Unrestricted		1,375,836	1,648,271
Total Net Assets	\$	<u><u>7,189,968</u></u>	\$ <u><u>6,904,635</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEARS ENDED MARCH 31, 2004 AND 2003

	<u>S E W E R F U N D</u>	
	<u>2004</u>	<u>2003</u>
OPERATING REVENUES		
Usage Fees and Other	\$ 924,990	\$ 825,097
OPERATING EXPENSES		
Houghton Lake Sewer Authority	435,462	445,006
Depreciation	162,895	162,895
Administration	1,750	1,593
Total Operating Expenses	600,107	609,494
Operating Income	324,883	215,603
NON-OPERATING REVENUE		
Interest Income on Investments	20,713	9,837
NON-OPERATING EXPENSES		
Interest on Bonds	60,263	74,950
Paying Agent Fees	-	-
Total Non - Operating Expenses	60,263	74,950
Non - Operating Loss	(39,550)	(65,113)
Net Income	285,333	150,490
Fund Net Assets- April 1	6,904,635	6,754,145
Fund Net Assets - March 31	\$ 7,189,968	\$ 6,904,635

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2004**

	<u>Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 926,903
Cash payments to suppliers for goods and services	<u>(433,076)</u>
Net Cash Provided by Operating Activities	<u>493,827</u>
Cash Flows From Capital Financing Activities:	
Principal paid on bonded debt	(720,662)
Interest paid	<u>(67,139)</u>
Net Cash Used by Capital Financing Activities	<u>(787,801)</u>
Cash Flows From Investing Activities:	
(Purchase) redemption of investments	819,498
Interest earned on investments	<u>20,713</u>
Net Cash Provided by Investing Activities	<u>840,211</u>
Net Increase (decrease) in Cash	546,237
Cash and Equivalents - April 1	<u>540,579</u>
Cash and Equivalents - March 31	<u>\$ 1,086,816</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 324,883
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	162,895
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	1,913
Increase in Accounts Payable	<u>4,136</u>
Net Cash Provided by Operating Activities	<u>\$ 493,827</u>

See accompanying notes to financial statements

**TOWNSHIP OF DENTON
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2004**

ASSETS	
Cash	\$ 1,150,473
LIABILITIES	
Due to Other Funds	1,139,302
Due to County of Roscommon	-
Due to Schools	10,906
Due to Other Governments	265
Due to Others	-
Total Liabilities	1,150,473
NET ASSETS	
Net Assets	\$ -

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED MARCH 31, 2004**

REVENUES

Property Tax Collections	\$	6,650,803
Interest Collections		12,392
Other Collections		8,594
Total Revenues		<u>6,671,789</u>

EXPENDITURES

Property Taxes		6,650,803
Other		20,986
Total Expenditures		<u>6,671,789</u>

Excess of Revenues over Expenditures	\$	-
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Net Assets - April 1		-
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Net Assets - March 31	\$	<u><u>-</u></u>
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See accompanying notes to financial statements

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE A: ENTITY

The Township of Denton is a General Law Township of the State of Michigan, located in Roscommon County, Michigan. It operates under an elected Board and provides services to its residents in many areas including law enforcement, community enrichment, and human services. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Denton Township. The entities included in these financial statements are as follows:

HOUGHTON LAKE SEWER AUTHORITY

The Townships of Roscommon, Denton and Lake formed the Houghton Lake Sewer Authority, a joint venture, in 1973 for the purpose of operating, maintaining, administering and managing a sanitary sewage disposal facility for the benefit of the aforementioned three Townships and for any other Township or municipality which thereafter joins in and becomes part of such sewer system and the related agreement, all for the betterment of the health, safety, economy and general welfare of the participating municipalities.

Pursuant to the formation of the Authority, the Roscommon County Department of Public Works issued \$2,420,000 of bonds whereupon each Township assumed the responsibility of reimbursing the County for their respective share of the total bonds issued. These bonds were fully retired.

Various other Roscommon County Department of Public Works bonds were issued to help defray the cost of the subsequent additions.

Ownership of the public sanitary sewer system will remain with the Roscommon County Department of Public Works until all outstanding bonds issued by said Department of the County of Roscommon (pertaining to the system) have been retired. Thereafter, all portions of the system shall become the property of the respective municipalities within which they are located and are to be operated for the benefit of said participating municipalities both jointly and severally.

A schedule of indebtedness is included in Note G to detail all bond issues outstanding attributed to Denton Township. The Township has levied a special assessment based on a front footage to aid in the payment of the bonded debt. In addition, an annual service charge may be levied to provide for any bonded debt not recoverable by the special assessment.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE A: ENTITY (CONTINUED)

HOUGHTON LAKE SEWER AUTHORITY (CONTINUED)

The Township's proportionate share of the Authority's operating expenses is included in the Township's Sewer Fund. The Authority is a joint venture and is audited under separate cover. Copies of the Financial Statements for the Houghton Lake Sewer Authority may be obtained from the Authority whose address is: P.O. Box 8 Houghton Lake, MI 48629.

HOUGHTON LAKE IMPROVEMENT BOARD

In 2000, the County of Roscommon authorized the formation of the Houghton Lake Improvement Board for the purpose of protecting and improving the water quality of Houghton Lake from the infection of nonnative plants and vegetation that threaten the water quality of the lake.

The Board has formed a special assessment district composed of all parcels of land and local units which will be benefited from the improvements. The special assessment district includes properties in Markey, Lake, Roscommon and Denton Townships. It is funded by a special assessment, contributions from participating Townships, and state appropriations.

The Board is reported as a special revenue fund of the Township of Denton, as it is a component unit of the Township. The treasurer of the Township also serves as the treasurer of the Improvement Board. Upon completion of its objective, the Improvement Board will be disbanded.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Denton Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2004.

The accounting policies of Denton Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTRODUCTION (CONTINUED)

On April 1, 2003, Denton Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)**

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

Houghton Lake Improvement Board Fund - This fund is used to account for all financial transactions of the Improvement Board, which is described in Note A of these financial statements. Revenues are derived primarily from contributions from other governments and a special assessment, and expenditures consist of treatments to improve the health of Houghton Lake.

Ambulance Fund - This fund is used to account for all financial transactions of the ambulance services provided by Denton Township. Revenues are derived from property taxes and charges for services.

The Township reports, in total, the following non-major funds:

Street Lights, Fire, Mobile Home, Police, Recreational/Park, and Roads.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS (CONTINUED)

Proprietary Funds

The Township reports the following major proprietary fund:

Enterprise Funds - Enterprise funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The Township maintains a Sewer Fund in this category.

Other Funds

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property Taxes

The property tax calendar is as follows:

Lien Date	December 31, 2002	
Levy Dates	July 1, 2003	(summer collection)
	December 1, 2003	(winter collection)
Due Dates	September 15, 2003	(summer collection)
	February 15, 2004	(winter collection)

The real property tax rolls were turned over to the County of Roscommon on March 1, 2004. Collection of personal property taxes remains the responsibility of the Township. Amounts collected after the due date are assessed interest and/or penalty provisions. A county revolving fund normally pays the balance of the Township's real property tax levy by May 31. The entire Township levy is recorded as revenue in the current year.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements (Continued)

The tax rates for the year ended March 31, 2004, were as follows:

<u>PURPOSE</u>	<u>RATE/TAXABLE VALUATION</u>
General	1.1731 per \$1,000
Fire	.7820
Roads	.3908
Police	.9467
Street Lights	-
Ambulance Operating	<u>1.4462</u>
Total Millage	<u>4.7388</u>

Proprietary Fund Financial Statements

Operating income reported in proprietary fund financial includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

BUDGETS

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The Board normally adopts the budget just prior to April 1. The budgets as presented in these financial statements have been amended as necessary throughout the year. They were adopted using the modified accrual method of accounting. They expire on March 31 of each year. There are no carryover items. The Township experienced no over expenditures for the year ended March 31, 2004.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

INVENTORY

Inventory is stated at estimated cost.

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in the respective fund financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$2,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	15 – 40
Mobile equipment	3 – 10
Furniture, machinery, and equipment	5 – 15
Sewer system	75

For information describing capital assets, see Note F.

NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS

COMMON BANK ACCOUNT

For investment purposes the Township maintains cash from several funds in common bank accounts. Balances belonging to each fund are as follows:

General Fund	\$ 1,228,170
Fire Fund	130,084
Recreational Park Fund	12,944
Road Fund	21,502
Trash Pickup Fund	(53,679)
Police Fund	(72,553)
Street Lights Fund	274,029
Mobile Home Park Fund	115,878
Ambulance Fund	<u>211,314</u>
Total	<u>\$ 1,867,689</u>

Cash consists of bank accounts or securities with original maturities of 90 days or less.

CASH DEPOSITS

All cash deposits are maintained in financial institutions in Michigan. The Township's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CASH DEPOSITS (CONTINUED)

Category 1 - Insured or collateralized with securities held by the Township or by its agent in the Township's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 - Uncollateralized.

	<u>BANK BALANCE</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
Pooled Deposits	\$ 1,898,094	\$ 300,000	\$ -	\$ 1,598,094	\$ 1,867,689
Sewer	1,088,327	200,000	-	888,327	1,086,816
General	88,706	-	-	88,706	88,653
HL Improvement	<u>1,357,037</u>	<u>200,000</u>	<u>-</u>	<u>1,157,037</u>	<u>1,357,037</u>
Total Cash Deposits	<u>\$ 4,432,164</u>	<u>\$ 700,000</u>	<u>-</u>	<u>\$ 3,732,164</u>	<u>\$ 4,400,195</u>
Trust & Agency	<u>\$ 1,150,473</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 950,473</u>	<u>\$ 1,150,473</u>

INVESTMENTS

Investments (included above) are stated at cost, which approximates fair market value. Investments consist of securities with original maturities in excess of 90 days. Investing is performed in accordance with investment policies complying with state statutes.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's investments are as follows:

- (1) Insured or securities held by the Township or the Township's agent in the Township's name.
- (2) Uninsured with securities held by the counter party's trust department or its agent in the Township's name.
- (3) Uninsured with securities held by the counter party's trust department or agent but not in the Township's name.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE D: RECEIVABLES

Receivables consist of the following:

Delinquent Taxes and Assessments

County of Roscommon bonds for tax collection and pays balances due various taxing authorities during May of each year.

General Fund	\$ 19,554
Ambulance Fund	24,112
Houghton Lake Improvement	81,016
Sewer Fund	24,535
Trash Fund	21,464
Non-major Govt. Funds	<u>35,339</u>
	\$ 206,020

Special Revenue Funds

Ambulance runs	\$ 126,636
Less allowance for uncollectibles	<u>(51,000)</u>
	\$ 75,636

Sewer Fund

Usage fees	<u>\$ 268,621</u>
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TOTAL RECEIVABLES	<u>\$ 525,742</u>
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The Houghton Lake Sewer Authority manages and collects the receivables of the sewer fund for Denton Township. Delinquent fees are added to the tax roll, therefore no allowance for doubtful accounts is necessary.

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of:

Monies collected in the property tax collection fund and not disbursed to the various funds at March 31, 2004.

TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE E: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

INTERFUND RECEIVABLES

General Fund	\$ 238,384
Fire Fund	156,354
Road Fund	78,177
Trash Pickup Fund	187,850
Police Fund	189,330
Ambulance Fund	<u>289,207</u>

Total \$ 1,139,302

INTERFUND PAYABLES

Agency Fund \$ 1,139,302

NOTE F: CAPITAL ASSETS

CAPITAL ASSETS NOT DEPRECIATED

CAPITAL ASSETS DEPRECIATED

	Land & Improv.	Buildings	Furniture & Fixtures	Machinery & Equipment	Sewage System	Totals
Governmental Activities						
Balance, April 1, 2003	\$ -	\$1,935,453	\$ 58,937	\$ 1,133,126	\$ -	\$ 3,127,516
Increases	200,338	90,514	-	91,444	-	382,296
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>200,338</u>	<u>2,025,967</u>	<u>58,937</u>	<u>1,224,570</u>	<u>-</u>	<u>3,509,812</u>
Governmental Activities						
Accumulated Depreciation						
Balance, April 1, 2003	-	659,235	21,644	449,259	-	1,130,138
Increases	-	48,774	8,287	145,477	-	202,538
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>-</u>	<u>708,009</u>	<u>29,931</u>	<u>594,736</u>	<u>-</u>	<u>1,332,676</u>
Governmental Activities						
Capital Assets, Net	<u>\$ 200,338</u>	<u>\$1,317,958</u>	<u>\$ 29,006</u>	<u>\$ 629,834</u>	<u>\$ -</u>	<u>\$ 2,177,136</u>
Business-Type Activities						
Balance, April 1, 2003	\$ -	\$ 17,000	\$ -	\$ -	\$12,185,191	\$12,202,191
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>12,185,191</u>	<u>12,202,191</u>
Accumulated Depreciation						
Balance, April 1, 2003	\$ -	\$ 4,250	\$ -	\$ -	\$ 4,375,915	\$ 4,380,165
Increases	-	425	-	-	162,469	162,894
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>-</u>	<u>4,675</u>	<u>-</u>	<u>-</u>	<u>4,538,384</u>	<u>\$ 4,543,059</u>
Business-Type Activities						
Capital Assets, Net	<u>\$ -</u>	<u>\$ 12,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,646,807</u>	<u>\$ 7,659,132</u>
Primary Government						
Capital Assets, Net	<u>\$ 200,338</u>	<u>\$1,330,283</u>	<u>\$ 29,006</u>	<u>\$ 629,834</u>	<u>\$ 7,646,807</u>	<u>\$ 9,836,268</u>

TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities

Business-Type Activities

Township Administration	\$ 9,484	Sewer Utilities	<u>\$ 162,894</u>
Township Hall & Groups	21,252		
Parks & Recreation	9,419		
Public Safety	151,202		
Health & Welfare	11,181		
Total	<u>\$ 202,538</u>		

NOTE G: LONG-TERM DEBT

	Balance April 1 <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	Balance March 31 <u>2004</u>	Due Within One Year
<u>Governmental Activities</u>					
<i>Major Governmental Fund</i>					
Ambulance Note	\$ 50,432	\$ -	\$ 23,751	\$ 26,681	\$ 24,300
Copier Capital Lease	5,283	-	1,408	3,875	1,056
<i>Non Major Governmental Fund</i>					
Fire Truck Note	82,992	-	29,728	53,264	31,000
Total	<u>\$ 138,707</u>	<u>\$ -</u>	<u>\$ 54,887</u>	<u>\$ 83,820</u>	<u>\$ 56,356</u>
<u>Business-type Activities</u>					
<i>Major Enterprise Fund</i>					
Sewer Bonds-1974 Issue	\$ 550,000	\$ -	\$550,000	\$ -	\$ -
Sewer Bonds-1993 Issue	2,015,662	-	170,662	1,845,000	180,000
Total	<u>\$2,565,662</u>	<u>\$ -</u>	<u>\$720,662</u>	<u>\$1,845,000</u>	<u>\$ 180,000</u>
Total Primary Government Long-term Debt	<u>\$2,704,369</u>	<u>\$ -</u>	<u>\$775,549</u>	<u>\$1,928,820</u>	<u>\$ 236,356</u>

AMBULANCE NOTE

In May 2002, The Township incurred debt of \$71,517 for the purchase of an Ambulance. The terms of the note are: monthly payments of \$2,100, including interest at 3.65% for 3 years. The balance on March 31, 2004 totaled \$26,681.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE G: LONG-TERM DEBT (CONTINUED)

FIRE TRUCK INSTALLMENT LOAN

In November 2000, the Township borrowed \$146,577 to finance the purchase of a fire truck under an installment loan agreement. Payments are \$2,753 monthly for five years, including interest at 5.25%. The balance on March 31, 2004 was \$53,264.

SEWER BONDS

1974 bond issue – original bond amount was \$4,600,000. Annual payments ranging from \$225,000 - \$75,000. Interest at 5%, due semi-annually. This issue was retired in full during the year.

1993 Limited tax general obligation bond – original bond amount was \$3,500,000. Annual principal payments range from \$145,000 - \$210,000, plus semi-annual interest payments at a rate of 2%. Balance at March 31, 2004 was \$1,845,000.

CAPITAL LEASE

The Township purchased a Sharp Copier January 7, 2003 under a capital lease which requires monthly payments of \$88.04 with a purchase option after 60 months for \$1.00. Current year lease expense \$1,056.

The annual principal/lease requirements for all debt outstanding as of March 31, 2004, are as follows:

	<u>Sewer Bonds</u>	<u>Copier</u>	<u>Ambulance</u>	<u>Fire Truck</u>
2005	\$ 180,000	\$ 1,056	\$ 24,300	\$ 31,000
2006	175,000	1,056	2,381	22,264
2007	185,000	1,056	-	-
2008	185,000	707	-	-
2009	190,000	-	-	-
2010	195,000	-	-	-
2011	200,000	-	-	-
2012	200,000	-	-	-
2013	205,000	-	-	-
2014	130,000	-	-	-
	<u>\$1,845,000</u>	<u>\$ 3,875</u>	<u>\$ 26,681</u>	<u>53,264</u>

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE G: LONG-TERM DEBT (CONTINUED)

ACCRUED INTEREST

GASB Statement No. 34 requires interest to be accrued for the long-term debt of governmental activities for the government-wide financial statements. Proprietary funds (sewer) have always recorded accrued interest, as they are governed by FASB guidelines. The government-wide financial statements include the following accrued interest balances at March 31, 2004: "NONE".

Total interest expense for the Township for the year approximated \$65,500.

NOTE H: FUND BALANCE/NET ASSETS

FUND BALANCE

The Township Board has taken action to appropriate or reserve surplus funds as follows:

1. Denton Housing Rehabilitation funds (pay backs) on hand at March 31, 2004, have been pledged to help fund economic development plans in the Township. The balance in the general fund at March 31, 2003, was \$87,518.
2. The Ambulance Fund had \$18,000 worth of medical supplies on hand at March 31, 2004.

CALCULATION OF BEGINNING NET ASSETS

The Township adopted GASB Statement No. 34 effective April 1, 2003. The following represents the reconciliation of the Townships fund balance as of April 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities, for the year ended March 31, 2004:

Total Fund Balance, Governmental Funds, April 1, 2003	\$ 3,984,698
Record capital assets	3,127,515
Record accumulated depreciation	(1,130,138)
Record long-term debt and accrued interest	(175,512)
Beginning Net Assets, Governmental Funds, April 1, 2003	<u>\$ 5,806,563</u>

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE I: PENSION PLAN

The Township of Denton contributes to a pension plan which is a defined contribution pension plan administered by the Manufacturers Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

All full-time employees and elected officials between the ages of 18-75 are eligible to participate in the plan. Contributions made by the Township and employees are fully vested after the third full year. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 10% of the eligible employees wages. Additionally, each participant contributes 10% of their salary. The Township has met all pension obligations for the year ended March 31, 2004. In addition, employees may make voluntary contributions up to 5% of compensation. The Township's contribution for the year totaled \$65,983.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

NOTE J: INSURANCE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Township participated in the Michigan Municipal Liability and Property Pool, a self-insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage, nor were there any significant claims for the year. The Township carries commercial insurance for other potential losses, including employee health and accident insurance.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE K: CONTINGENT LIABILITIES

MSHDA GRANT

During its most recent monitoring of MSHDA's Community Development Block Grant (CDBG) program, HUD issued a formal finding that MSHDA was not adequately tracking CDBG program income and ensuring that it be expended on eligible activities. To "clear" that finding, MSHDA is requiring repayment of these funds. Denton Township is affected by this decision, as it was a recipient of such monies. The HUD requirement applies only to the CDBG-funded portion of the 1978-1985 program. Additionally, program income expended prior to January 1, 1999 has been forgiven, and repayment is not necessary. Denton Township's CDBG did not begin until 1982, so the Township is responsible to pay back a pro-rata portion of income earned from 1982-1985, of which was expended after January 1, 1999. This amount has not yet been determined.

NOTE L: COMMITMENT

In March 2003, the Township entered into a 5-year contract commencing May 1, 2003 and ending March 31, 2008 with Waste Management of Michigan, Inc. for trash collection services. This monthly fee for services is \$5.54 per livable residential dwelling/unit for the first year and may increase 3% in subsequent years.

NOTE M: COMPARATIVE DATA

Comparative total data for the prior year have been presented in certain statements financial data in order to provide an understanding of the changes in the Township's financial operations. However, comparative data has not been presented in every statement.

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes and Assessments	\$ 251,534	\$ 251,534	\$ 253,747	\$ 2,213
Intergovernmental:				
State Shared Revenue	400,000	400,000	423,569	23,569
Trailer Tax	300	300	902	602
Swamp Tax	5,800	5,800	6,439	639
Charges for Services:				
Cemetery Services	8,500	8,500	10,400	1,900
Rehab Program Payments	15,000	15,000	32,656	17,656
Summer Tax Collection Fees	16,025	16,025	16,012	(13)
Other Fees	6,750	6,750	18,452	11,702
Rent	14,400	14,400	13,465	(935)
Licenses and Permits	94,000	94,000	129,583	35,583
Interest	37,100	37,100	29,842	(7,258)
Other	32,548	32,548	10,886	(21,662)
Total Revenues	<u>\$ 881,957</u>	<u>\$ 881,957</u>	<u>\$ 945,953</u>	<u>\$ 63,996</u>
 EXPENDITURES				
GENERAL GOVERNMENT				
Township Board:				
Salaries - Permanent Employees	\$ 37,019	\$ 37,019	\$ 39,224	\$ (2,205)
Salaries - Board	7,330	7,330	7,612	(282)
Fringe Benefits	29,201	29,201	28,676	525
Office Supplies	15,000	15,000	15,890	(890)
Repairs and Maintenance	900	900	560	340
Professional Services	28,275	28,275	27,424	851
Transportation and Meals	250	250	96	154
Community Promotion	1,000	1,000	600	400
Printing and Publishing	1,800	1,800	2,050	(250)
Insurance and Bonds	9,000	9,000	8,765	235
Equipment Rental	-	-	-	-
Membership, Dues and Education	6,500	6,500	5,156	1,344
Miscellaneous / Contingency	8,500	8,500	6,055	2,445
Equipment	1,500	1,500	674	826
Total Township Board	<u>146,275</u>	<u>146,275</u>	<u>142,782</u>	<u>3,493</u>

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Supervisor:				
Salary	35,454	35,454	36,818	(1,364)
Fringe Benefits	8,702	8,702	8,030	672
Office Supplies	-	-	-	-
Membership, Dues and Education	1,500	1,500	1,358	142
Transportation and Meals	1,025	1,025	784	241
Equipment	200	200	-	200
Miscellaneous	-	-	-	-
Total Supervisor	46,881	46,881	46,990	(109)
Assessor:				
Salaries	65,028	65,028	63,505	1,523
Fringe Benefits	20,078	20,078	17,878	2,200
Office Supplies	5,500	5,500	4,782	718
Membership, Dues and Education	1,000	1,000	735	265
Transportation and Meals	725	725	686	39
Printing and Publishing	75	75	20	55
Equipment	1,000	1,000	290	710
Maintenance	400	400	511	(111)
Misc Expense	1,000	1,000	1,000	-
Professional Services	500	500	60	440
Total Assessor	95,306	95,306	89,467	5,839
Election Board:				
Wages	1,000	1,000	-	1,000
Fringe Benefits	77	77	-	77
Printing and Publishing	-	-	-	-
Transportation and Meals	-	-	-	-
Equipment and Other	400	400	18	382
Office Supplies	1,000	1,000	434	566
Total Election Board	2,477	2,477	452	2,025
Computer Department:				
Equipment and Supplies	15,800	15,800	15,602	198

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Township Clerk:				
Salaries	29,000	29,000	30,116	(1,116)
Fringe Benefits	13,819	13,819	13,638	181
Office Supplies	225	225	50	175
Membership, Dues and Education	1,500	1,500	1,019	481
Transportation and Meals	500	500	353	147
Total Township Clerk	45,044	45,044	45,176	(132)
Township Treasurer:				
Salaries	29,000	29,000	30,116	(1,116)
Fringe Benefits	7,479	7,479	7,116	363
Office Supplies	5,200	5,200	5,561	(361)
Transportation and Meals	300	300	22	278
Membership, Dues and Education	2,500	2,500	2,285	215
Printing and Publishing	50	50	-	50
Total Township Treasurer	44,529	44,529	45,100	(571)
Board of Review:				
Contract Labor and Wages	1,314	1,314	1,066	248
Miscellaneous	830	830	763	67
Total Board of Review	2,144	2,144	1,829	315
Township Hall and Grounds:				
Salaries	-	-	-	-
Fringe Benefits	-	-	-	-
Office Supplies	2,400	2,400	2,910	(510)
Repairs and Maintenance	5,700	5,700	6,374	(674)
Communications	6,004	6,004	4,597	1,407
Utilities	14,716	14,716	16,210	(1,494)
Insurance	-	-	-	-
Equipment	1,900	1,900	1,610	290
Building/Land	44,000	44,000	34,585	9,415
Transportation and Meals	-	-	-	-
Land Purchase	-	200,000	200,338	(338)
Miscellaneous	1,300	1,300	365	935
Total Township Hall and Grounds	76,020	276,020	266,989	9,031
Total General Government	474,476	674,476	654,387	20,089

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
PUBLIC SAFETY				
Zoning:				
Salaries	25,682	25,682	26,494	(812)
Fringe Benefits	8,943	8,943	8,829	114
Office Supplies	100	100	87	13
Professional Services	14,000	14,000	4,175	9,825
Printing and Publishing	1,000	1,000	884	116
Insurance	500	500	-	500
Membership, Dues and Education	-	-	202	(202)
Transportation and Meals	400	400	228	172
Miscellaneous	400	400	-	400
Total Zoning/Public Safety	51,025	51,025	40,899	10,126
PUBLIC WORKS				
Township Rehabilitation	23,000	23,000	4,524	18,476
Maintenance:				
Wages - Septic	82,306	82,306	88,684	(6,378)
FICA	32,796	32,796	29,109	3,687
Office/Operating Supplies	1,600	1,600	1,172	428
Uniforms	700	700	661	39
Repair/Maintenance Building/Land	3,000	3,000	6,306	(3,306)
Meals	2,500	2,500	1,878	622
Equipment	7,500	7,500	559	6,941
	130,402	130,402	128,369	2,033
Total Public Works	153,402	153,402	132,893	20,509

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
HEALTH & WELFARE				
Building Agency	90,000	90,000	125,471	(35,471)
Cemetery:				
Wages and Fringe Benefits	4,845	4,845	3,763	1,082
Office Supplies	2,000	2,000	492	1,508
Utilities	225	225	80	145
Repair and Maintenance	500	500	51	449
Insurance	300	300	271	29
Building and Land	1,000	1,000	350	650
Equipment and Other	2,350	2,350	724	1,626
Total Cemetery	11,220	11,220	5,731	5,489
Total Health & Welfare	101,220	101,220	131,202	(29,982)
Total Expenditures	780,123	980,123	959,381	20,742
Excess (Deficiency) of Revenues over Expenditures	101,834	(98,166)	(13,428)	84,738
OTHER FINANCING USES:				
Ambulance	-	-	-	-
Roads	-	-	-	-
Houghton Lake Improvement Board	25,000	25,000	-	25,000
Recreation/Park	-	-	-	-
Trash	76,834	76,834	-	76,834
Total Other Financing Uses	101,834	101,834	-	101,834
Excess (Deficiency) of Revenues over Expenditures and Other Uses	-	(200,000)	(13,428)	186,572
Fund Balance - April 1	1,575,540	1,575,540	1,575,540	-
Fund Balance - March 31	<u>\$ 1,575,540</u>	<u>\$ 1,375,540</u>	<u>\$ 1,562,112</u>	<u>\$ 186,572</u>

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AMBULANCE FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes and Assessments	\$ 300,235	\$ 300,235	\$ 312,903	\$ 12,668
Charges for Services:				
Response Fees	3,000	3,000	1,850	(1,150)
Insurance Reimbursements	441,041	441,041	435,496	(5,545)
Intercept Fees	81,000	81,000	100,233	19,233
Training Program Fees	11,400	11,400	16,845	5,445
Interest	-	-	993	993
Donations	-	-	228	228
Other	3,500	3,500	2,723	(777)
Total Revenues	<u>\$ 840,176</u>	<u>\$ 840,176</u>	<u>\$ 871,271</u>	<u>\$ 31,095</u>
EXPENDITURES				
Public Safety:				
Salaries, Wages and Payroll Taxes	\$ 584,196	\$ 584,196	\$ 562,594	\$ 21,602
Health Insurance	48,350	48,350	45,336	3,014
Pension	32,479	32,479	30,354	2,125
Contract Wages	-	-	-	-
Supplies and Uniforms	50,000	50,000	19,867	30,133
Repairs and Maintenance	12,320	12,320	12,998	(678)
Miscellaneous	2,100	2,100	1,553	547
Professional Services	1,900	1,900	1,018	882
Insurance	17,000	17,000	14,470	2,530
Education and Training	32,600	32,600	34,433	(1,833)
Capital Outlay	17,656	19,056	66,806	(47,750)
Utilities	9,902	9,902	9,797	105
Debt Service:				
Ambulance Payment	25,205	25,205	25,205	-
Total Expenditures	<u>833,708</u>	<u>835,108</u>	<u>824,431</u>	<u>10,677</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,468</u>	<u>5,068</u>	<u>46,840</u>	<u>41,772</u>
Fund Balance - April 1	<u>552,847</u>	<u>552,847</u>	<u>552,847</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 559,315</u>	<u>\$ 557,915</u>	<u>\$ 599,687</u>	<u>\$ 41,772</u>

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOUGHTON LAKE IMPROVEMENT BOARD FUND
YEAR ENDED MARCH 31, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
REVENUES				
Contributions				
Local units of government	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
State	-	-	-	-
Interest	14,000	14,000	10,480	(3,520)
Special assessment	916,000	916,000	914,900	(1,100)
Other	-	-	-	-
Total Revenues	<u>1,030,000</u>	<u>1,030,000</u>	<u>925,380</u>	<u>(104,620)</u>
EXPENDITURES				
Public Works:				
Postage & Supplies	3,500	3,500	-	3,500
Professional Fees	700	700	750	(50)
Studies & Special Projects	239,200	239,200	93,778	145,422
Milfoil treatment	-	-	-	-
Miscellaneous	6,250	6,250	1,457	4,793
Total Expenditures	<u>249,650</u>	<u>249,650</u>	<u>95,985</u>	<u>153,665</u>
Excess (Deficiency) of Revenues over Expenditures	<u>780,350</u>	<u>780,350</u>	<u>829,395</u>	<u>49,045</u>
OTHER FINANCING SOURCES				
Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues and other Sources over Expenditures and Other Uses	<u>780,350</u>	<u>780,350</u>	<u>829,395</u>	<u>49,045</u>
Fund Balance - April 1	<u>608,657</u>	<u>608,657</u>	<u>608,657</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 1,389,007</u>	<u>\$ 1,389,007</u>	<u>\$ 1,438,052</u>	<u>\$ 49,045</u>

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRASH FUND
YEAR ENDED MARCH 31, 2004

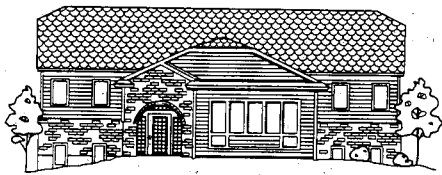
	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Taxes and Assessments	\$ 188,917	\$ 188,917	\$ 209,315	\$ 20,398
Other Income	168,534	168,534	2,359	(166,175)
Total Revenues	\$ 357,451	\$ 357,451	\$ 211,674	\$ (145,777)
EXPENDITURES				
Public Works:				
Wages & Benefits	\$ 24,383	\$ 24,383	\$ 20,938	\$ 3,445
Supplies	900	900	1,087	(187)
Repairs and Maintenance	9,000	9,000	1,650	7,350
Professional Fees	500	500	450	50
Miscellaneous	2,000	2,000	1,475	525
Trash Collection Costs	299,358	299,358	285,162	14,196
Utilities	1,310	1,310	1,195	115
Capital Outlay	20,000	20,000	-	20,000
Total Expenditures	357,451	357,451	311,957	45,494
Excess (Deficiency) of Revenues over Expenditures	-	-	(100,283)	(100,283)
OTHER FINANCING SOURCES				
Operating Transfer In	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	-	-	(100,283)	(100,283)
Fund Balance - April 1	255,918	255,918	255,918	-
Fund Balance - March 31	\$ 255,918	\$ 255,918	\$ 155,635	\$ (100,283)

TOWNSHIP OF DENTON
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MARCH 31, 2004

ASSETS	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
Cash	\$ 274,029	\$ 130,084	\$ 115,928	\$ 21,502	\$ (72,553)	\$ 12,944	\$ 481,934
Delinquent Taxes Receivable	-	13,036	-	6,517	15,786	-	35,339
Due From Other Funds	-	156,354	-	78,177	189,330	-	423,861
Accounts Receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total Assets	274,029	299,474	115,928	106,196	132,563	12,944	941,134
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-
Fund Balance:							
Designated	-	-	-	-	-	-	-
Undesignated	274,029	299,474	115,928	106,196	132,563	12,944	941,134
Total Fund Balance	274,029	299,474	115,928	106,196	132,563	12,944	941,134
Total Liabilities and Fund Balance	\$ 274,029	\$ 299,474	\$ 115,928	\$ 106,196	\$ 132,563	\$ 12,944	\$ 941,134

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2004

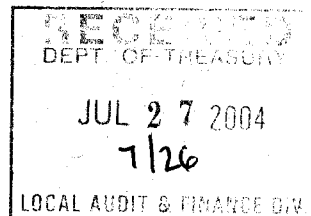
	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
REVENUES							
Taxes and Assessments	\$ -	\$ 169,165	\$ -	\$ 84,582	\$ 204,843	\$ -	\$ 458,590
State Grants	-	-	-	-	7,616	-	7,616
Charges for Services	-	10,517	76,635	-	845	-	87,997
Other	-	538	-	1,073	875	-	2,486
Total Revenues	-	180,220	76,635	85,655	214,179	-	556,689
EXPENDITURES							
Personnel Services	-	69,356	19,964	-	185,665	6,433	281,418
Supplies and Repairs	-	48,339	894	-	2,815	1,363	53,411
Utilities	46,226	6,062	15,064	-	1,593	930	69,875
Insurance	-	11,947	1,692	-	4,473	-	18,112
Roads	-	-	-	78,680	-	-	78,680
Professional Services	300	600	300	450	1,346	300	3,296
Miscellaneous	-	6,149	1,003	24	7,207	1	14,384
Capital Outlay	-	10,017	1,347	-	27,389	15,794	54,547
Debt Retirement	-	33,568	-	-	-	-	33,568
Total Expenditures	46,526	186,038	40,264	79,154	230,488	24,821	607,291
Excess (Deficiency) of Revenues Over Expenditures	(46,526)	(5,818)	36,371	6,501	(16,309)	(24,821)	(50,602)
OTHER FINANCING SOURCES (USES)							
Operating Transfers	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(46,526)	(5,818)	36,371	6,501	(16,309)	(24,821)	(50,602)
Fund Balance - April 1	320,555	305,292	79,557	99,695	148,872	37,765	991,736
Fund Balance - March 31	\$ 274,029	\$ 299,474	\$ 115,928	\$ 106,196	\$ 132,563	\$ 12,944	\$ 941,134



Keskin, Cook, Miller, Smith & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

June 18, 2004

Mr. Fred Chidester, Supervisor
Denton Township
2565 S. Gladwin Rd.
P.O. Box 289
Prudenville, MI 48651



Dear Mr. Chidester:

During the course of our audit of the basic financial statements of Denton Township for the year ended March 31, 2004, we noted the following:

1. Cash and other receipts are collected at more than one location in the township. Certain amounts have been held without deposit for a substantial period of time. In addition some areas maintain duplicate receipt detail. All locations that collect fees for the township should record the amounts at a central location no less than weekly. Deposits made to the bank accounts should be reconciled by source and balanced to a central receipt book.
2. The Houghton Lake Improvement Board has substantial fund equity at March 31, 2004 and expenditures for the year ending March 31, 2004 were minimal when compared to collections. In discussions with the improvement board chairman the intention is that these funds will be required for secondary treatments to Houghton Lake. The board should monitor this fund closely since unspent dollars in excess of needs may eventually need to be refunded.

We thank you for the opportunity to be of service to Denton Township. Please let us know if you have any questions concerning the above.

Walter J. Keskin
Keskin, Cook, Miller, Smith & Alexander, LLP